

IOWA Department of REVENUE

Solar Energy System Tax Credit Annual Report For the Period January 1 – December 21, 2012

Reporting Requirements

Iowa Code section 422.L requires that the Iowa Department of Revenue (IDR) submit an annual report to the Governor and the General Assembly on or before January 1 regarding the number and value of the Solar Energy System Tax Credits claimed during the previous calendar year, and any other information IDR may deem relevant and appropriate.

Tax Credit Eligibility

A Solar Energy System Tax Credit is available for individual and corporate income taxpayers for solar energy systems installed on property located in Iowa. The credit is nonrefundable, but any credit in excess of tax liability can be carried forward to the following ten tax years. The credit was available beginning in May 2012 and was retroactive to solar energy systems placed in service on or after January 1, 2012.

The Iowa Solar Energy System Tax Credit equals a percentage of the federal credits offered for solar energy systems. The federal credits are available for property placed in service before January 1, 2017. Therefore the Iowa tax credit will be available for the 2012-2016 tax years under the current law. Taxpayers who claim this credit are not eligible to claim a Renewable Energy Tax Credit under Iowa Code Chapter 476C.

Solar Energy System Tax Credit

For individuals, the Solar Energy System Tax Credit is equal to 50 percent of the federal Residential Energy Efficient Property Tax Credit related to solar systems provided in section 25D(a)(1) of the Internal Revenue Code for solar electric property and section 25D(a)(2) of the Internal Revenue Code for solar water heating property. The federal credit is claimed on federal form 5695, Residential Energy Credits for individuals. The Iowa tax credit for an individual cannot exceed \$3,000.

For corporations, which also includes partnerships, limited liability companies (LLC), and S-Corporations, the Solar Energy System Tax Credit is equal to 50 percent of the federal energy credit as provided in sections 48(a)(3)(A)(i) of the Internal Revenue Code for solar electric, heating and cooling property and 48(a)(3)(A)(ii) of the Internal Revenue Code for equipment using solar energy to illuminate structures using fiber-optic distributed sunlight. The federal credit is claimed on federal form 3468, Investment Credit, for corporations. The Iowa tax credit for a corporation cannot exceed \$15,000.

The aggregate amount of Solar Energy System Tax Credits awarded to individuals and corporations per calendar year is capped at \$1.5 million. IDR has implemented a process for eligible taxpayers to apply for the credit after the solar energy system has been placed in service. The credits are reserved on a first-come, first-served basis until the award cap is reached each year. The year of award reflects the year in which the solar energy system is installed.

Claiming the Credit

Taxpayers must submit an application to IDR, which is available on IDR's website:
<http://www.iowa.gov/tax/forms/54012.pdf>

IDR will award the tax credit once the following information is provided:

- The completed application
- A copy of the invoice or other documentation showing the cost of the installed system
- A document verifying that the system qualifies for the federal tax credit
- The amount of the Iowa tax credit to be reserved

IDR sends a tax credit certificate for each approved award. The certificate includes a unique certificate number, the taxpayer's name, address, tax identification number, and the amount of the tax credit. The tax credit certificate must be attached to the taxpayer's tax return for the year in which it is initially claimed along with a completed IA148 Tax Credits Schedule.

Summary of Solar Energy System Tax Credit Awards for Tax Year 2012

The following is a summary of Solar Energy System Tax Credits awarded between January 1, 2012 and December 21, 2012.

Table 1. Solar Energy System Tax Awards

01/01/2012-12/21/2012

	Tax Credit Awards					
	Individual		Corporate		Total	
	Number	Amount	Number	Amount	Number	Amount
Solar Energy System Tax Credits Awarded	50	\$108,936	14	\$66,676	64	\$175,612

Total awards were \$175,612 for the year to-date, \$1.32 million below the award cap for calendar year 2012. The average award for an individual was \$2,179 and the average corporate award was \$4,763. The current numbers are as of December 21, 2012. As taxpayers continue to apply for the credit based on systems placed in service during 2012 the amounts will change.

Summary for Solar Energy System Tax Credit Claims for Tax Year 2012

No claims have been filed as of 12/21/2012. The credits awarded during 2012 will be initially claimed on taxpayers' 2012 tax returns filed during calendar year 2013.